

**Naval Postgraduate School
Office of the Associate Provost and Dean of Research
Office of the Associate Provost for Academic Affairs**

Sponsored Program Policy/Guidance Memo No. SPPGM-03-10

Subj: PAYMENT OF AWARDS FROM SPONSORED PROGRAM ACCOUNTS

1. Many personnel at NPS, both faculty and staff, are paid from funds received in support of sponsored programs. The question has been asked in the past as to whether monetary awards, i.e., special act awards, could be paid from a sponsored program account. It is possible that an award could be paid from a sponsored program account under certain conditions.
2. Awards are not considered a budgeted item on a sponsored project and should not be included in the proposal budget. When a proposal is budgeted, the labor that is included is that which is required to complete the task. If the project is funded and an employee's direct performance in support of that project results in a substantial cost savings to the project, that savings can be used to reward the "special act" of the employee. Awards cannot be paid from residual funding left in a sponsored project account after the proposed work/deliverable have been completed.
3. When a proposal is sent to a sponsor for consideration, the Research and Sponsored Programs Office (RSPO) includes a "Request for Funds" document with most proposals. The Request for Funds provides a recap of the proposal budget and lists certain conditions applicable to sponsored programs at NPS. The Request for Funds includes a statement regarding the possibility of awards being paid from the sponsored project. The following is stated: "Labor costs can include awards to faculty and/or staff when cost savings are realized on the project as a direct result of the performance of the employee. Awards paid from sponsored funds will be reviewed and approved by the Dean of Research (sponsored research/service) or Associate Provost for Academic Affairs (sponsored education)."
4. As stated in paragraph 3 above, the RSPO forwards the Request for Funds with most proposals. This document is not forwarded with proposals submitted to competitive programs, i.e., National Science Foundation, or in response to "Calls for Proposals" with specific guidelines for submission. Projects funded through these types of programs may not allow for awards even if a cost-savings is achieved.
5. If it is deemed by the PI/PM that an employee has contributed to a sponsored project in such a manner that a cost-savings have been achieved, the PI/PM must document the "act" that produced the savings. This documentation should be included in a memo or e-mail to the RSPO. The correspondence will include: name of individual, project title with job order, role of the named individual in the sponsored project, i.e., Co-PI/PM, technical support, a brief narrative describing the contribution of the named individual, and the proposed award amount. The narrative should state the savings achieved by the named individual's contribution.
6. The RSPO will review the award recommendation for consistency with the approved sponsored project. If the project and award recommendation are in alignment, the RSPO will forward the request to the Dean of Research or the Associate Provost for

Academic Affairs as appropriate. If additional information is necessary to substantiate the award, the RSPO will contact the PI/PM prior to forwarding for review/approval. If it appears that the project cannot fund an award, the RSPO will notify the PI/PM. In some instances, sponsor approval may be required. This will be determined by the Dean of Research or Associate Provost for Academic Affairs, as appropriate.

7. If the award recommendation is approved, the RSPO will forward the approval to the PI/PM and the Academic Planning Office. The PI/PM will initiate the Request for Personnel Action with his/her department staff in the case of an award recommendation for staff personnel, or Academic Planning in the case of an award recommendation for a faculty member.
8. There are also instances when the members of a sponsored project team or the PI/PM have performed in a superior manner, but their performance did not result in a cost-savings. The PI/PM can approach the sponsor for additional funding to “reward” performance. If the sponsor is willing to provide additional funding to reward superior performance, the funding document providing the “award funds” should specifically state this purpose.
9. Another means of recognizing outstanding performance or a contribution towards cost savings on a sponsored project is through a letter of appreciation from the PI/PM or the sponsor.